

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2015**

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**Lynnville-Sully Community School District
Board of Education and School District Officials
Year Ended June 30, 2015**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Duane Rozendaal	President	2015
John Terpstra	Vice President	2015
Matt Zylstra	Board Member	2015
Tim Dunsbergen	Board Member	2017
Jeremy Schnell	Board Member	2017
School District Officials		
Shane Ehresman	Superintendent	2015
Karla De Cook	Business Manager/District Secretary	2015
Kyle Terpstra	District Treasurer	2015
Brian Gruhn	Attorney	2015



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Lynnville-Sully Community School District
Sully, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Lynnville-Sully Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 10 to the financial statements, Lynnville-Sully Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 12 and 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lynnville-Sully Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the Lynnville-Sully Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lynnville-Sully Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 23, 2015

The Lynnville-Sully Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,506,757 in fiscal 2014 to \$4,592,295 in fiscal 2015, while General Fund expenditures decreased from \$5,035,164 in fiscal 2014 to \$4,993,052 in fiscal 2015. The District's General Fund balance decreased from \$726,461 in fiscal 2014 to \$325,704 in fiscal 2015, a 55% decrease.
- The increase in General Fund revenues was attributable to more property tax money received due to a cash reserve levy. The decrease in expenditures was due primarily to a decrease in salary and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Lynnville-Sully Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lynnville-Sully Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lynnville-Sully Community School District acts solely as an agent or custodian for the benefit of those outside of the district.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

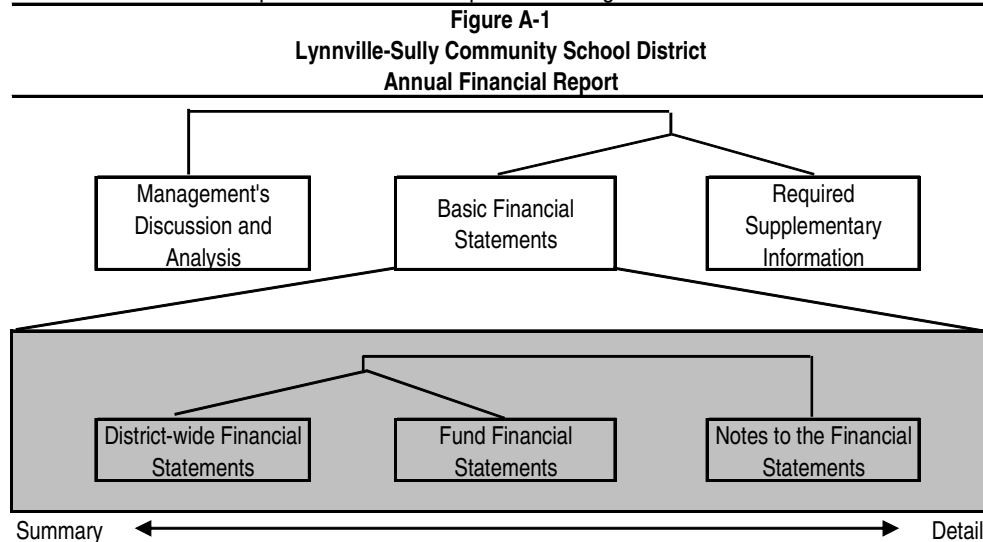


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required Financial Statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in fund net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The district has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities June 30,		Business type Activities June 30,		Total District June 30,		Total Change June 30,
	2014 (Not restated)		2014 (Not restated)		2014 (Not restated)		2014-2015
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 4,242	4,547	74	68	4,316	4,615	-6.5%
Capital assets	5,851	5,474	15	17	5,866	5,491	6.8%
Total assets	10,093	10,021	89	85	10,182	10,106	0.8%
Deferred outflows of resources	502	-	14	-	516	-	-
Long-term liabilities	4,278	2,701	52	-	4,330	2,701	60.3%
Other liabilities	567	606	-	-	567	606	-6.4%
Total liabilities	4,845	3,307	52	-	4,897	3,307	48.1%
Deferred inflows of resources	3,167	2,128	20	-	3,187	2,128	49.8%
Net Position:							
Invested in capital assets, net of related debt	3,388	2,773	15	17	3,403	2,790	22.0%
Restricted	1,008	1,252	-	-	1,008	1,252	-19.5%
Unrestricted	(1,813)	561	16	68	(1,797)	629	-385.7%
Total Net Position	\$ 2,583	4,586	31	85	2,614	4,671	-44.0%

The District's combined net position decreased by nearly 44%, or approximately \$2,057,000, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$244,000, or 19.5% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$2,426,000 or 386%. This decrease in unrestricted net position was primarily a result of the newly implemented GASB 68, which defines pension liability.

**Lynnville-Sully Community School District
Management's Discussion and Analysis
Year ended June 30, 2015**

Figure A-4 shows the change in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4 Changes in Net Position (Expressed in Thousands)								
	Governmental Activities		Business type Activities		Total District		Total Change	
	Year ended June 30, 2014 (Not restated)		Year ended June 30, 2014 (Not restated)		Year ended June 30, 2014 (Not restated)		June 30, 2014-2015	
	2015		2015		2015			
Revenues:								
Program revenues:								
Charges for service	\$ 710	737	177	179	887	916	-3.2%	
Operating grants, contributions and restricted interest	772	674	93	106	865	780	10.9%	
General revenues:								
Property tax	2,161	2,250	-	-	2,161	2,250	-4.0%	
Statewide sales, service and use tax	430	366	-	-	430	366	17.5%	
Unrestricted state grants	1,674	1,606	-	-	1,674	1,606	4.2%	
Unrestricted investment earnings	4	5	-	-	4	5	-20.0%	
Other	112	351	-	-	112	351	-68.1%	
Total revenues	5,863	5,989	270	285	6,133	6,274	-2.2%	
Program expenses:								
Governmental activities:								
Instruction	3,595	3,856	-	-	3,595	3,856	-6.8%	
Support services	1,865	1,850	-	-	1,865	1,850	0.8%	
Non-instructional programs	1	1	262	261	263	262	0.4%	
Other expenses	316	332	-	-	316	332	-4.8%	
Total expenses	5,777	6,039	262	261	6,039	6,300	-4.1%	
Change in net position	86	(50)	8	24	94	(26)	-461.5%	
Net position beginning of year, as restated	2,497	4,636	23	61	2,520	4,697	-46.3%	
Net position end of year	\$ 2,583	4,586	31	85	2,614	4,671	-44.0%	

In fiscal 2015, property tax and unrestricted state grants account for 65% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 100% of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$5,863,210 and expenses were \$5,777,310.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Change	Net Cost of Services		Change
	2014			2014		
	2015	(Not restated)	2014-2015	2015	(Not restated)	2014-2015
Instruction	\$ 3,595	3,856		\$ 2,315	2,638	
Support services	1,865	1,850	0.8%	1,835	1,826	0.5%
Non-instructional programs	1	1	0.0%	1	1	0.0%
Other expenses	316	332	-4.8%	144	163	-11.7%
Totals	\$ 5,777	6,039	-4.3%	\$ 4,295	4,628	-7.2%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$4,295,470.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$772,071
- The net cost of governmental activities was financed with \$2,590,882 in property and other taxes and \$1,673,899 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$270,301 representing a 5% decrease over the prior year, while expenses totaled \$262,409 a 0.2% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Lynnville-Sully Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,229,396 down from last year's ending fund balances of \$1,871,513.

Governmental Fund Highlights

- The General Fund balance decreased from \$726,461 to \$325,704 due in part to the increased special education expenditures.
- The Physical Plant and Equipment Levy (PEL) Fund balance decreased from a balance of \$190,892 in fiscal 2014 to a balance of \$111,060 in fiscal 2015.
- The Capital Projects Fund balance decreased from \$913,111 in fiscal 2014 to \$611,488 in fiscal 2015.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$23,658 at June 30, 2014 to \$31,550 at June 30, 2015, representing an increase of approximately 33%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$106,802 higher than budgeted, a variance of 2%. The most significant variance resulted from the District receiving more in private contributions and free and reduced subsidies than budgeted.

Total expenditures were less than budgeted, due primarily to the District's budget for the instruction and support services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$5.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$368,620.

The original cost of the District's capital assets was approximately \$11.3 million. Governmental funds account for approximately \$11.1 million, with the remainder of approximately \$0.2 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the Improvements other than buildings category. The District's Improvements other than buildings totaled \$1,007,348 at June 30, 2015, compared to \$454,357 at June 30, 2014.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 116	116	-	-	116	116	0.0%
Buildings	4,390	4,633	-	-	4,390	4,633	-5.2%
Improvements other than buildings	792	274	-	-	792	274	189.1%
Furniture and equipment	553	451	15	17	568	468	21.4%
Totals	\$ 5,851	5,474	15	17	5,866	5,491	6.8%

Long-Term Debt

At June 30, 2015 the District had \$4,278,000 in general obligation and other long-term debt outstanding. This represents a increase of approximately 58% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Change
	June 30,		June 30,
	2014	2014	2014-2015
General obligation bonds	\$ 1,230	1,415	-13.1%
GO bonds discount	(7)	(9)	-22.2%
Revenue bonds	1,240	1,295	-4.2%
Net pension liability	1,815	-	-
Totals	\$ 4,278	2,701	58.4%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District expects increased special education costs due to increased special education needs including one-on-one associates.
- The District will negotiate a new agreement with PALS for fiscal year 2015-2016. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's general fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karla De Cook, District Secretary/Treasurer and Business Manager, Lynnvile-Sully Community School District, Sully, Iowa, 50251.

Basic Financial Statements

Lynnville-Sully Community School District
Statement of Net Position
June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,380,128	70,153	1,450,281
Receivables:			
Property tax:			
Delinquent	15,401	-	15,401
Succeeding year	2,193,791	-	2,193,791
Income surtax	281,159	-	281,159
Accounts	308,382	-	308,382
Due from other governments	63,662	-	63,662
Inventories	-	3,511	3,511
Capital assets, net of accumulated depreciation	5,850,820	15,451	5,866,271
Total assets	10,093,343	89,115	10,182,458
Deferred Outflows of Resources			
Pension related deferred outflows	502,713	14,428	517,141
Liabilities			
Accounts payable	100,430	-	100,430
Salaries and benefits payable	437,747	-	437,747
Accrued interest payable	28,679	-	28,679
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	190,000	-	190,000
Revenue bonds	60,000	-	60,000
Portion due after one year:			
General obligation bonds	1,032,598	-	1,032,598
Revenue bonds	1,180,000	-	1,180,000
Net pension liability	1,815,901	52,117	1,868,018
Total liabilities	4,845,355	52,117	4,897,472
Deferred Inflows of Resources			
Unavailable property tax revenue	2,193,791	-	2,193,791
Unavailable income surtax revenue	281,159	-	281,159
Pension related deferred inflows	692,532	19,876	712,408
Total Deferred Inflow of Resources	3,167,482	19,876	3,187,358
Net Position			
Net investment in capital assets	3,388,222	15,451	3,403,673
Restricted for:			
Categorical funding	132,840	-	132,840
Debt service	117,553	-	117,553
Management levy purposes	116,374	-	116,374
Student activities	156,209	-	156,209
Physical plant and equipment levy	111,060	-	111,060
Capital projects	373,817	-	373,817
Unrestricted	(1,812,856)	16,099	(1,796,757)
Total net position	\$ 2,583,219	31,550	2,614,769

See notes to financial statements.

Lynnville-Sully Community School District
Statement of Activities
Year ended June 30, 2015

	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,122,388	382,974	447,573	(1,291,841)	-	(1,291,841)
Special instruction	766,459	50,759	112,769	(602,931)	-	(602,931)
Other instruction	706,650	276,036	10,354	(420,260)	-	(420,260)
	<u>3,595,497</u>	<u>709,769</u>	<u>570,696</u>	<u>(2,315,032)</u>	<u>-</u>	<u>(2,315,032)</u>
Support Services:						
Student	133,426	-	-	(133,426)	-	(133,426)
Instructional staff	288,523	-	-	(288,523)	-	(288,523)
Administration	666,181	-	-	(666,181)	-	(666,181)
Operating and maintenance of plant	437,329	-	-	(437,329)	-	(437,329)
Transportation	339,600	-	29,664	(309,936)	-	(309,936)
	<u>1,865,059</u>	<u>-</u>	<u>29,664</u>	<u>(1,835,395)</u>	<u>-</u>	<u>(1,835,395)</u>
Non-instructional programs	<u>1,041</u>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>-</u>	<u>(1,041)</u>
Other expenditures:						
Facilities acquisition	53,664	-	-	(53,664)	-	(53,664)
Long-term debt interest	90,338	-	-	(90,338)	-	(90,338)
AEA flowthrough	171,711	-	171,711	-	-	-
	<u>315,713</u>	<u>-</u>	<u>171,711</u>	<u>(144,002)</u>	<u>-</u>	<u>(144,002)</u>
Total governmental activities	<u>5,777,310</u>	<u>709,769</u>	<u>772,071</u>	<u>(4,295,470)</u>	<u>-</u>	<u>(4,295,470)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	262,409	177,528	92,644	-	7,763	7,763
	<u>262,409</u>	<u>177,528</u>	<u>92,644</u>	<u>-</u>	<u>7,763</u>	<u>7,763</u>
Total primary government	<u>\$ 6,039,719</u>	<u>887,297</u>	<u>864,715</u>	<u>(4,295,470)</u>	<u>7,763</u>	<u>(4,287,707)</u>

Exhibit B

Lynnville-Sully Community School District
Statement of Activities
Year ended June 30, 2015

	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	Total
Totals continued from previous pages	\$ 6,039,719	887,297	864,715	(4,295,470)	7,763	(4,287,707)
General Revenues:						
Property tax levied for:						
General purposes				1,781,263	-	1,781,263
Debt service				209,567	-	209,567
Capital outlay				170,151	-	170,151
Statewide sales, services and use tax				429,901	-	429,901
Unrestricted state grants				1,673,899	-	1,673,899
Unrestricted investment earnings				3,849	129	3,978
Other				58,685	-	58,685
Gain (loss) on disposal of assets				(15,647)	-	(15,647)
Contributions not restricted to specific programs				69,702	-	69,702
Total general revenues				4,381,370	129	4,381,499
Change in net position				85,900	7,892	93,792
Net position beginning of year, as restated				2,497,319	23,658	2,520,977
Net position end of year				\$ 2,583,219	31,550	2,614,769

See notes to financial statements.

Exhibit C

Lynnville-Sully Community School District
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service	Capital Projects	Non-major	Total
Assets					
Cash and pooled investments	\$ 545,588	17,924	540,242	276,374	1,380,128
Receivables:					
Property tax:					
Delinquent	11,847	1,697	834	1,023	15,401
Succeeding year	1,934,193	120,701	61,146	77,751	2,193,791
Income surtax	210,869	-	70,290	-	281,159
Accounts	300,454	-	6,750	1,178	308,382
Due from other governments	-	-	63,662	-	63,662
Total assets	\$ 3,002,951	140,322	742,924	356,326	4,242,523
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 94,438	-	-	5,992	100,430
Salaries and benefits payable	437,747	-	-	-	437,747
Total liabilities	532,185	-	-	5,992	538,177
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,934,193	120,701	61,146	77,751	2,193,791
Income surtax	210,869	-	70,290	-	281,159
Total deferred inflows of resources	2,145,062	120,701	131,436	77,751	2,474,950
Fund balances:					
Restricted for:					
Categorical funding	132,840	-	-	-	132,840
Debt service	-	19,621	126,611	-	146,232
Management levy purposes	-	-	-	116,374	116,374
Student activities	-	-	-	156,209	156,209
School infrastructure	-	-	373,817	-	373,817
Physical plant and equipment	-	-	111,060	-	111,060
Unassigned	192,864	-	-	-	192,864
Total fund balances	325,704	19,621	611,488	272,583	1,229,396
Total liabilities, deferred inflows of resources and fund balances	\$ 3,002,951	140,322	742,924	356,326	4,242,523

See notes to financial statements.

Exhibit D

**Lynnville-Sully Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2015**

Total fund balances of governmental funds (Exhibit C) \$ 1,229,396

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 5,850,820

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. -

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 502,713.00	
Deferred inflows of resources	(692,532.00)	(189,819)

Long-term liabilities, including bonds payable, bond issuance costs, accrued interest, early retirement, net pension liability and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	(1,230,000.00)	
Revenue bonds payable	(1,240,000.00)	
Bond discount, net	7,402.00	
Net pension liability	(1,815,901.00)	
Accrued interest	(28,679.00)	(4,307,178)

Net position of governmental activities (Exhibit A) \$ 2,583,219

See notes to financial statements.

Exhibit E

Lynnville-Sully Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	General	Debt Service	Capital Projects	Non-major	Total
Revenues:					
Local sources:					
Local tax	\$ 1,655,611	209,567	170,151	125,652	2,160,981
Tuition	411,426	-	-	-	411,426
Other	78,775	371	44,690	306,077	429,913
State sources	2,341,597	73	429,937	44	2,771,651
Federal sources	104,886	-	-	-	104,886
Total revenues	4,592,295	210,011	644,778	431,773	5,878,857
Expenditures:					
Current:					
Instruction:					
Regular	2,113,298	-	2,250	24,710	2,140,258
Special	718,638	-	-	-	718,638
Other	397,204	-	-	290,770	687,974
	3,229,140	-	2,250	315,480	3,546,870
Support services:					
Student	97,703	-	-	654	98,357
Instructional staff	211,105	-	9,372	1,097	221,574
Administration	658,233	-	-	4,947	663,180
Operation and maintenance of plant	335,323	-	83,010	40,768	459,101
Transportation	289,837	-	118,330	9,059	417,226
	1,592,201	-	210,712	56,525	1,859,438
Non-instructional programs	-	-	-	1,041	1,041
Other expenditures:					
Facilities acquisition	-	-	611,789	-	611,789
Long-term debt:					
Principal	-	240,000	-	-	240,000
Interest and fiscal charges	-	88,125	2,000	-	90,125
AEA flowthrough	171,711	-	-	-	171,711
	171,711	328,125	613,789	-	1,113,625
Total expenditures	4,993,052	328,125	826,751	373,046	6,520,974
Excess (deficiency) of revenues over (under) expenditures	(400,757)	(118,114)	(181,973)	58,727	(642,117)
Other financing sources (uses):					
Operating transfers in (out)	-	119,650	(119,650)	-	-
Total other financing sources (uses)	-	119,650	(119,650)	-	-
Net change in fund balances	(400,757)	1,536	(301,623)	58,727	(642,117)
Fund balances beginning of year, as restated	726,461	18,085	913,111	213,856	1,871,513
Fund balances end of year	\$ 325,704	19,621	611,488	272,583	1,229,396

See notes to financial statements.

Exhibit F

Lynnville-Sully Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2015

Net change in fund balances - total governmental funds (Exhibit E) \$ (642,117)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$	761,295	
Depreciation expense		(368,620)	
Loss On Disposal Of Capital Assets		(15,647)	377,028

Certain delinquent property tax not collected for several months after the year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.

-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

GO bonds repaid		185,000	
Revenue bonds repaid		55,000	
Amortization of bond discount		(1,269)	238,731

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,056

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

276,615

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Pension expense			(165,413)

Change in net position of governmental activities (Exhibit B) **\$ 85,900**

See notes to financial statements.

Exhibit G

Lynnville-Sully Community School District
Statement of Net Position
Proprietary Fund
June 30, 2015

	School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 70,153
Inventories	3,511
Total current assets	<u>73,664</u>
Non-current assets:	
Property and equipment:	
Machinery and equipment	149,554
Accumulated depreciation	<u>(134,103)</u>
Total non-current assets	<u>15,451</u>
Total assets	<u><u>89,115</u></u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>14,428</u>
Liabilities	
Current liabilities:	
Total current liabilities	<u>-</u>
Noncurrent liabilities:	
Net pension liability	<u>52,117</u>
Total noncurrent liabilities	<u>52,117</u>
Total liabilities	<u><u>52,117</u></u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>19,876</u>
Net Position	
Net investment in capital assets	15,451
Unrestricted	<u>16,099</u>
Total net position	<u><u>\$ 31,550</u></u>

See notes to financial statements.

Exhibit H

Lynnville-Sully Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2015

	School Nutrition
Operating revenue:	
Local sources:	
Charges for services	\$ 177,528
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	105,986
Benefits	27,695
Purchased services	6,438
Supplies	120,661
Depreciation	1,297
Other	332
Total operating expenses	262,409
Operating loss	(84,881)
Non-operating revenue:	
Interest income	129
State sources	2,033
Federal sources	90,611
Total non-operating revenue	92,773
Change in net position	7,892
Net position beginning of year, as restated	23,658
Net position end of year	\$ 31,550

See notes to financial statements.

Exhibit I

Lynnville-Sully Community School District
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 177,528
Cash payments to employees for services	(136,873)
Cash payments to suppliers for goods or services	(109,478)
Net cash used by operating activities	<u>(68,823)</u>
Cash flows from non-capital financing activities:	
State grants received	2,033
Federal grants received	70,795
Net cash provided by non-capital financing activities	<u>72,828</u>
Cash flows from investing activities:	
Interest on investments	<u>129</u>
Net increase in cash and cash equivalents	4,134
Cash and cash equivalents at beginning of year	<u>66,019</u>
Cash and cash equivalents at end of year	<u><u>\$ 70,153</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (84,881)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	19,816
Depreciation	1,297
(Increase) in inventories	(1,863)
(Decrease) in net pension liability	(8,640)
(Increase) in deferred outflows of resources	(14,428)
Increase in deferred inflows of resources	19,876
Net cash used by operating activities	<u><u>\$ (68,823)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 70,153
Cash and cash equivalents at year end	<u><u>\$ 70,153</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015, the District received \$19,816 of federal commodities.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Lynnvile-Sully Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Lynnvile, Sully, Searsboro and Killduff, Iowa and the predominate agricultural territory in Jasper, Poweshiek and Mahaska counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lynnvile-Sully Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Lynnvile-Sully Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jasper County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District reports the following non-major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment	3,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of the succeeding year's property tax receivable and income surtax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the support services, non-instructional, and other expenditures functions.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - LOSST	\$ 119,650
Capital Projects - Other	Capital Projects - LOSST	150,000

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 116,125	-	-	116,125
Total capital assets not being depreciated	116,125	-	-	116,125
Capital assets being depreciated:				
Buildings	8,371,332	5,134	-	8,376,466
Improvements other than buildings	454,357	552,991	-	1,007,348
Furniture and equipment	1,756,678	203,170	183,131	1,776,717
Total capital assets being depreciated	10,582,367	761,295	183,131	11,160,531
Less accumulated depreciation for:				
Buildings	3,738,279	248,485	-	3,986,764
Improvements other than buildings	180,454	35,245	-	215,699
Furniture and equipment	1,305,967	84,890	167,484	1,223,373
Total accumulated depreciation	5,224,700	368,620	167,484	5,425,836
Total capital assets being depreciated, net	5,357,667	392,675	15,647	5,734,695
Governmental activities capital assets, net	\$ 5,473,792	392,675	15,647	5,850,820
Business type activities:				
Furniture and equipment	\$ 149,554	-	-	149,554
Less accumulated depreciation	132,806	1,297	-	134,103
Business type activities capital assets, net	\$ 16,748	(1,297)	-	15,451
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 114,771
Special				47,821
Other				54,197
Support services:				
Student services				35,069
Instructional staff				66,949
Administration				3,001
Operation and maintenance of plant				6,108
Transportation				40,704
Total governmental activities depreciation expense				\$ 368,620
Business type activities:				
Food services				\$ 1,297

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,415,000	-	185,000	1,230,000	190,000
GO bonds discount	(8,671)	-	(1,269)	(7,402)	-
Revenue bonds	1,295,000	-	55,000	1,240,000	60,000
Net pension liability	2,384,479	-	568,578	1,815,901	-
Total	\$ 5,085,808	-	807,309	4,278,499	250,000

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Bond Issue of May 1, 2011				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2016	1.85%	190,000	30,200	220,200
2017	2.10%	195,000	26,685	221,685
2018	2.35%	200,000	22,590	222,590
2019	2.55%	205,000	17,890	222,890
2020	2.75%	215,000	12,662	227,662
2021	3.00%	225,000	6,750	231,750
Total		\$ 1,230,000	116,777	1,346,777

Revenue Bonds

Details of the Districts' June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of April 1, 2010				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2016	3.50%	60,000	51,275	111,275
2017	3.50%	60,000	49,175	109,175
2018	3.50%	65,000	46,988	111,988
2019	3.88%	65,000	44,712	109,712
2020	3.88%	70,000	42,219	112,219
2021	4.25%	70,000	39,506	109,506
2022	4.25%	75,000	36,556	111,556
2023	4.25%	75,000	33,369	108,369
2024	4.25%	80,000	30,075	110,075
2025	4.25%	85,000	26,569	111,569
2026	4.70%	85,000	22,956	107,956
2027	4.70%	90,000	19,035	109,035
2028	4.70%	95,000	14,688	109,688
2029	4.70%	100,000	10,105	110,105
2030	4.70%	165,000	5,287	170,287
Total		\$ 1,240,000	472,515	1,712,515

The District has pledged future statewide sales, services and use tax revenues for the purpose of construction. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$1,712,515. For the current year, \$111,275 principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$429,901.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$123,469 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2015.

(6) Pension Plan

Pension Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$284,554.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$1,868,018 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.046157 percent, which was an increase of 0.002835 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$170,160. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,302	\$ -
Changes of assumptions	82,440	-
Net difference between projected and actual earnings on pension plan investments	-	712,408
Changes in proportion and differences between District contributions and proportionate share of contributions	129,845	-
District contributions subsequent to the measurement date	284,554	-
Total	<u>\$ 517,141</u>	<u>\$ 712,408</u>

\$284,554 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2016	\$ (123,759)
2017	(123,759)
2018	(123,759)
2019	(123,759)
2020	15,216
	<u>\$ (479,820)</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 3,529,568	\$ 1,868,018	\$ 465,498

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for employees and retirees and their spouses. There are 70 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual OPEB cost	\$	15,735
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		15,735
Contributions made		(15,735)
(Decrease) in net OPEB obligation		-
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	-

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$15,735 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 42,960	93.02%	-
June 30, 2012	42,960	100.00%	-
June 30, 2013	16,989	100.00%	-
June 30, 2014	15,735	100.00%	-
June 30, 2015	15,735	100.00%	-

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2015, the actuarial accrued liability was \$102,244, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$102,244. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,855,000, and the ratio of the UAAL to covered payroll was 3.5%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 3%. The ultimate medical trend rate is 3%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$171,711 for the year ended June 30, 2015, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Accounting Change/Restatement

The Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$ 4,586,026	84,415
Accounts receivable adjustment as of June 30, 2014	28,215	-
Net pension liability at June 30, 2014	(2,384,479)	(68,436)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	267,557	7,679
Net position July 1, 2014, as restated:	<u>\$ 2,497,319</u>	<u>23,658</u>

Required Supplementary Information

Lynnville-Sully Community School District
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 3,002,320	177,657	3,179,977	3,467,825	(287,848)
State sources	2,771,651	2,033	2,773,684	2,408,531	365,153
Federal sources	104,886	90,611	195,497	166,000	29,497
Total revenues	5,878,857	270,301	6,149,158	6,042,356	106,802
Expenditures:					
Instruction	3,546,870	-	3,546,870	4,167,493	620,623
Support services	1,859,438	-	1,859,438	1,822,470	(36,968)
Non-instructional programs	1,041	262,409	263,450	259,300	(4,150)
Other expenditures	1,113,625	-	1,113,625	1,045,072	(68,553)
Total expenditures	6,520,974	262,409	6,783,383	7,294,335	510,952
Excess (deficiency) of revenues over (under) expenditures	(642,117)	7,892	(634,225)	(1,251,979)	617,754
Other financing sources, net	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(642,117)	7,892	(634,225)	(1,251,979)	617,754
Balances beginning of year, as restated	1,871,513	23,658	1,895,171	1,536,283	358,888
Balances end of year	\$ 1,229,396	31,550	1,260,946	284,304	976,642

See accompanying independent auditor's report.

Lynnvile-Sully Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures in the support services, non-instructional and other expenditures functions exceeded the amounts budgeted.

Lynnvile-Sully Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
Last Fiscal Year* (In Thousands)
Required Supplementary Information

	2015
District's proportion of the net pension liability	0.046157%
District's proportion of the net pension pension liability	\$ 1,868
District's covered-employee payroll	\$ 2,944
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.45%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Lynnville-Sully Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 285	275	243	216	191	188	175	157	139	135
Contributions in relation to the statutorily required contribution	(285)	(275)	(243)	(216)	(191)	(188)	(175)	(157)	(139)	(135)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,040	2,944	2,703	2,574	2,651	2,678	2,651	2,578	2,411	2,355
Contributions as a percentage of covered-employee payroll	9.38%	9.34%	8.99%	8.39%	7.20%	7.02%	6.60%	6.09%	5.77%	5.73%

See accompanying independent auditor's report.

Change of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implements the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Lynnville-Sully Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	418,000	418,000	0.0%	2,600,000	16.1%
2011	July 1, 2009	-	418,000	418,000	0.0%	2,600,000	16.1%
2012	July 1, 2009	-	418,000	418,000	0.0%	2,600,000	16.1%
2013	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%
2014	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%
2015	July 1, 2012	-	102,244	102,244	0.0%	2,885,000	3.5%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

Lynnville-Sully Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 115,351	161,023	276,374
Receivables:			
Property tax:			
Delinquent	1,023	-	1,023
Succeeding year	77,751	-	77,751
Accounts	-	1,178	1,178
Total assets	\$ 194,125	162,201	356,326
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	5,992	5,992
Total liabilities	-	5,992	5,992
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	77,751	-	77,751
Total deferred inflows of resources	77,751	-	77,751
Fund balances:			
Restricted for:			
Management levy purposes	116,374	-	116,374
Student activities	-	156,209	156,209
Total fund balances	116,374	156,209	272,583
Total liabilities, deferred inflows of resources and fund balances	\$ 194,125	162,201	356,326

See accompanying independent auditor's report.

Schedule 2

Lynnville-Sully Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 125,652	-	125,652
Other	218	305,859	306,077
State sources	44		44
Total revenues	125,914	305,859	431,773
Expenditures:			
Current:			
Instruction:			
Regular	24,710	-	24,710
Other	-	290,770	290,770
Support Services:			
Student	654	-	654
Instructional staff	1,097	-	1,097
Administration	4,203	744	4,947
Operation and maintenance of plant	40,768	-	40,768
Transportation	4,068	4,991	9,059
Non-instructional program	1,041	-	1,041
Total expenditures	76,541	296,505	373,046
Excess of revenues over expenditures	49,373	9,354	58,727
Excess of revenues and other financing sources over expenditures	49,373	9,354	58,727
Fund balances beginning of year	67,001	146,855	213,856
Fund balances end of year	\$ 116,374	156,209	272,583

See accompanying independent auditor's report.

Schedule 3

Lynnville-Sully Community School District
Schedule of Changes in Special Revenue Funds, Student Activity Accounts
Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expendi- tures	Balance End of Year
Athletic Booster Club	\$ 27,281	55,399	58,062	24,618
Drill Team	307	1,473	1,780	-
ITED Incentives	3,360	290	136	3,514
Instrumental Resale	-	1,161	1,112	49
Instrumental Concerts	-	100	77	23
Vocal Concerts	97	144	-	241
Music Booster Club	2,914	14,082	10,032	6,964
Music Boosters Uniforms	1,080	835	1,128	787
Academic Booster Club	1,111	-	1,111	-
High School Annual (Yearbook)	2,269	19,451	2,723	18,997
Junior High Annual	2,100	692	2,792	-
Speech and Drama	250	1,006	779	477
Drama Booster	401	-	-	401
Cheerleaders	159	5,139	2,566	2,732
Co-Ed Athletics	349	36,455	36,563	241
Boy's Basketball	4,489	5,339	3,908	5,920
Girl's Basketball	1,818	2,674	2,115	2,377
Football	5,838	19,528	19,144	6,222
Baseball	1,779	6,522	7,668	633
Cross Country	1,009	2,362	2,252	1,119
Track	837	2,489	2,582	744
Wrestling	465	1,867	1,953	379
Volleyball	985	2,527	2,188	1,324
Softball	4,894	6,612	9,025	2,481
F.F.A.	12,993	21,974	21,273	13,694
National Honor Society	-	910	910	-
High School Student Council	5,576	3,118	5,410	3,284
Junior High Student Council	4,257	11,783	11,758	4,282
Class of 2014	3,638	-	3,638	-
Class of 2015	7,004	3,622	10,626	-
Class of 2016	6,882	4,407	701	10,588
Class of 2017	3,174	2,623	-	5,797
Class of 2018	50	4,580	1,238	3,392
Class of 2019	664	16	-	680
Class of 2021	401	-	-	401
Class of 2022	339	-	-	339
Class of 2023	673	-	-	673
Class of 2024	533	-	355	178
Class of 2025	-	2,690	2,103	587
Spanish Club	3,466	-	-	3,466
Padlocks	340	3	-	343

Schedule 3

Lynnvile-Sully Community School District
Schedule of Changes in Special Revenue Funds, Student Activity Accounts
Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expendi- tures	Balance End of Year
Interest	1,460	208	1,057	611
After Prom Party	4,412	15,046	12,727	6,731
Math Club	3,375	6,614	6,833	3,156
Eighth Grade Banquet	494	-	494	-
Athletic Booster - LL and Soccer	9,320	25,987	30,793	4,514
Art Club	13,832	1,607	2,234	13,205
Jazz Band	180	-	180	-
Concession Stand	-	14,524	14,479	45
Totals	\$ 146,855	305,859	296,505	156,209

Schedule 4

Lynnville-Sully Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 415,219	14,797	110,226	540,242
Receivables:				
Property tax:				
Delinquent	-	-	834	834
Succeeding year	-	-	61,146	61,146
Income surtax	-	-	70,290	70,290
Accounts	-	6,750	-	6,750
Due from other governments	63,662	-	-	63,662
Total assets	\$ 478,881	21,547	242,496	742,924
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	61,146	61,146
Income surtax	-	-	70,290	70,290
Total deferred inflows of resources	-	-	131,436	131,436
Fund balances:				
Restricted for:				
Debt service	126,611	-	-	126,611
School infrastructure	352,270	21,547	-	373,817
Physical plant and equipment	-	-	111,060	111,060
Total fund balances	478,881	21,547	111,060	611,488
Total liabilities, deferred inflows of resources and fund balances	\$ 478,881	21,547	242,496	742,924

See accompanying independent auditor's report.

Schedule 5

Lynnville-Sully Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ -	-	170,151	170,151
Other	383	36,346	7,961	44,690
State sources	429,901	-	36	429,937
Total revenues	430,284	36,346	178,148	644,778
Expenditures:				
Instruction				
Regular	-	-	2,250	2,250
Support services:				
Instructional staff	-	-	9,372	9,372
Operation and maintenance of plant	-	-	83,010	83,010
Transportation	-	-	118,330	118,330
Other expenditures:				
Facilities acquisition	22,050	544,721	45,018	611,789
Interest and fiscal charges	2,000	-	-	2,000
Total expenditures	24,050	544,721	257,980	826,751
Excess (deficiency) of revenues over (under) expenditures	406,234	(508,375)	(79,832)	(181,973)
Other financing sources (uses)				
Operating transfers in (out)	(269,650)	150,000	-	(119,650)
Total other financing sources (uses)	(269,650)	150,000	-	(119,650)
Change in fund balances	136,584	(358,375)	(79,832)	(301,623)
Fund balances beginning of year	342,297	379,922	190,892	913,111
Fund balances end of year	\$ 478,881	21,547	111,060	611,488

See accompanying independent auditor's report.

Lynnville-Sully Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,160,981	2,249,624	2,665,232	2,640,252	2,543,681	2,221,322	2,188,704	2,096,135	2,030,294	1,946,651
Tuition	411,426	392,261	389,910	340,886	388,430	324,431	304,670	279,487	286,278	270,715
Other	429,913	700,720	433,543	449,665	689,309	445,758	450,751	492,107	513,387	642,764
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	2,771,651	2,545,968	2,199,544	2,211,193	2,070,144	1,969,635	2,152,604	2,259,724	2,198,030	2,145,914
Federal sources	104,886	99,841	119,377	219,390	159,938	375,083	202,199	175,356	185,570	113,297
Total	\$ 5,878,857	5,988,414	5,807,606	5,861,386	5,851,502	5,336,229	5,298,928	5,302,809	5,213,559	5,119,341
Expenditures:										
Instruction:										
Regular	\$ 2,140,258	2,239,688	2,034,218	1,967,837	1,920,892	2,022,810	2,016,527	1,917,943	1,794,640	1,708,092
Special	718,638	742,206	664,174	602,182	651,363	696,243	697,974	665,827	656,680	766,259
Other	687,974	758,542	685,879	666,163	627,973	642,364	656,697	580,612	559,788	401,269
Support services:										
Student	98,357	104,859	72,243	68,415	67,618	96,625	90,332	81,065	79,132	75,984
Instructional staff	221,574	233,652	177,302	111,909	88,074	122,010	87,116	112,269	69,720	110,692
Administration	663,180	651,852	612,965	586,710	575,167	557,324	548,166	575,598	554,684	490,049
Operation and maintenance of plant	459,101	400,779	402,621	341,632	362,487	415,456	388,632	380,045	388,497	313,949
Transportation	417,226	408,961	270,536	270,825	266,837	336,608	271,362	269,564	337,613	312,777
Non-instructional programs	1,041	1,054	1,337	1,085	1,144	1,015	998	1,316	788	728
Other expenditures:										
Facilities acquisition	611,789	236,872	298,402	451,239	858,020	947,445	202,495	164,212	80,031	930,616
Long-term debt:										
Principal	240,000	245,000	240,000	230,000	2,065,000	140,000	135,000	130,000	125,000	120,000
Interest and other charges	90,125	93,960	97,090	109,791	165,877	142,525	106,755	112,280	117,592	122,693
AEA flowthrough	171,711	169,301	164,038	164,846	182,815	184,704	163,657	161,343	156,987	147,838
Total	\$ 6,520,974	6,286,726	5,720,805	5,572,634	7,833,267	6,305,129	5,365,711	5,152,074	4,921,152	5,500,946

See accompanying independent auditor's report.

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of Lynnville-Sully Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Lynnville-Sully Community School District, Sully, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lynnville-Sully Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lynnville-Sully Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lynnville-Sully Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lynnville-Sully Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Lynnville-Sully Community School District's Responses to Findings

Lynnville-Sully Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Lynnville-Sully Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lynnville-Sully Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 23, 2015

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

- A. Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in school Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to investigate alternatives to this problem.

Conclusion - Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2015, exceeded the certified budget amounts in the support services, non-instructional, and other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We would like to note that expenditures in total were less than the total budgeted amount.

Conclusion - Response accepted.

2. Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

4. Business Transactions – No business transactions between the District and District officials or employees were noted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

6. Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

7. Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

8. Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

Lynnvile-Sully Community School District
Schedule of Findings
Year ended June 30, 2015

10. Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
11. Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	342,297
Revenues/transfers in:			
Sales tax revenues	\$	429,901	
Other local revenues		383	430,284
			<hr/> 772,581
Expenditures/transfers out:			
School infrastructure construction		22,050	
Other		2,000	
Transfers to other funds:		269,650	
Debt service funds		-	293,700
			<hr/> 293,700
Ending balance		\$	<hr/> <u>478,881</u>

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy	
	Reduction Per	
	\$1,000 of Taxable	Property Tax
	Valuation	Dollars Reduced
Debt service levy	\$ 0.58000	10,000